



**Health Services**  
LOS ANGELES COUNTY

November 10, 2011

**Los Angeles County  
Board of Supervisors**

**Gloria Molina**  
First District

**Mark Ridley-Thomas**  
Second District

**Zev Yaroslavsky**  
Third District

**Don Knabe**  
Fourth District

**Michael D. Antonovich**  
Fifth District

TO: Supervisor Michael D. Antonovich, Mayor  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Zev Yaroslavsky

FROM: *fw* Mitchell H. Katz, M.D. *MH Katz*  
Director

SUBJECT: **NOTICE OF INTENT TO REQUEST DELEGATED  
AUTHORITY TO INCREASE CONTRACT MAXIMUM  
OBLIGATION BY MORE THAN 10 PERCENT**

**Mitchell H. Katz, M.D.**  
Director

**Hal F. Yee, Jr., M.D., Ph.D.**  
Chief Medical Officer

**John F. Schunhoff, Ph.D.**  
Chief Deputy Director

This is to advise your Board that the Department of Health Services (DHS) is scheduling a Board letter for the November 29, 2011 agenda that requests approval to extend four equipment maintenance and repair services and hospital services agreements, and increase existing delegated authority for contract sum increases from 10 percent to 40 percent of each agreement's amount.

In accordance with Board of Supervisors' Policy 5.120, prior Board notice is required for any department requesting delegated authority to increase Board-approved contracts by over 10 percent.

**BACKGROUND**

All four agreements provide ongoing critical equipment maintenance and repair services and hospital services for DHS medical facility operations. All requests for use of delegated authority will be funded by existing resources. Facilities will only request that equipment/services be added if additional services are needed and funding is verified in the facility's budget.

The Department of Public Health (DPH) also receives services under two of the four Agreements. Due to the amount of equipment and costs for DPH being relatively small, it is not cost effective for DPH to maintain its own agreements with McBain Instruments (McBain) and Certified Environmental Particulate Air, Inc. dba CEPA Company (CEPA). DHS is solely responsible for administering this Agreement. Department of

313 N. Figueroa Street, Suite 912  
Los Angeles, CA 90012

Tel: (213) 240-8101  
Fax: (213) 481-0503

[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

*To ensure access to high-quality,  
patient-centered, cost-effective  
health care to Los Angeles County  
residents through direct services at  
DHS facilities and through  
collaboration with community and  
university partners.*



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Coroner has one piece of equipment on DHS' Agreement with Merry X-Ray Chemical Corporation (Merry X-Ray).

Global Neurodiagnostics Corp. (Global)

With its own neurodiagnostic equipment, Global provides intraoperative monitoring, which is critical to complex surgeries (such as brain, spinal cord, etc.) for early detection of potential intraoperative injury allowing for immediate corrective measures. Intraoperative monitoring has been effective in localizing anatomical structures, including peripheral nerves and sensorimotor cortex, which helps guide the surgeons during dissection. The Global neuro technicians and equipment are available twenty four hours a day, seven days a week.

McBain

The Agreement with McBain provides preventive maintenance and repair services of microscopes at twelve DHS facilities and four DPH facilities in accordance with the regulations of The Joint Commission and the "Clinical Laboratory Improvement Amendments" mandated by The Centers for Medicare & Medicaid Services for laboratory equipment.

Merry X-Ray

The Agreement with Merry X-Ray provides maintenance and repair services of mammography and other medical x-ray film processors, and disposal of x-ray chemicals and scrap film for eleven DHS facilities and the Department of Coroner.

CEPA

The Agreement with CEPA provides biomedical equipment testing, certification and repair services for fume hoods and biosafety cabinets located in DHS' Harbor-UCLA Medical Center, LAC+USC Medical Center, Martin Luther King, Jr. Multi-Service Ambulatory Care Center, Olive View-UCLA Medical Center, Rancho Los Amigos National Rehabilitation Center, and DPH's Public Health Laboratory as required by California Code of Regulations, Title 8, as well as compliance of accreditation standards by The Joint Commission, the College of American Pathologists (CAP), and Occupational Safety and Health Administration (OSHA).

**JUSTIFICATION**

Approval of the increase of the delegated authority from 10 percent to 40 percent will allow DHS to increase the maximum obligation of each agreement if necessary to cover equipment coming off warranty, emergency or unanticipated equipment repair services, and additional intra-operative monitoring services. The Joint Commission requires DHS

facilities to cover medical equipment maintenance under a service contract. This requested delegated authority is necessary to enable the agreements to be amended timely to guarantee that the critical equipment is maintained appropriately to ensure the safety of patients, as well as to meet the requirements of regulatory agencies, including The Joint Commission. Board policy generally allows delegated authority up to 10 percent of the total contract amount. However, based on recent experience with several other equipment maintenance service agreements, DHS believes that the 40 percent requested for potential increases is appropriate since adding even a few pieces of equipment to an agreement may use up the entire 40 percent increase. If DHS is not able to add equipment to existing agreements, the alternative is to request a Purchase Order (PO) from the Internal Services Department. The lead time to obtain a PO is much longer than execution of an amendment to an existing DHS agreement.

#### **NOTIFICATION TIMELINE**

Consistent with the procedures of Board Policy 5.120, we are informing your Board of our intention to proceed with the filing of the Board letter with Executive Office of the Board for the November 29, 2011 Board Meeting.

If you have any questions or need additional information, please let me know, or your staff may contact Kathy Hanks, at (213) 240-7819 or [khanks@dhs.lacounty.gov](mailto:khanks@dhs.lacounty.gov).

MHK:kh

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors